

TURKEY RIVER RECREATIONAL CORRIDOR

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
OTHER INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2014

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TURKEY RIVER RECREATIONAL CORRIDOR

OFFICIALS

<u>Name</u>	<u>Title</u> (Before January, 2014)	<u>Term Expires</u>
Vicki Rowland	President	Jan. 2015
Roger Buchholz	Vice President	Jan. 2014
Sarah Schori	Secretary/Treasurer	Jan. 2014
Ron McCartney	Committee Member	Jan. 2015
Jim Matt	Committee Member	Jan. 2014
Jon de Neui	At Large Committee Member	Jan. 2015
Tim Engelhardt	At Large Committee Member	Jan. 2015
Jennifer Cowsert	At Large Committee Member	Jan. 2015
Rod Marlatt	At Large Committee Member	Jan. 2015
Bill Ziegler	At Large Committee Member	Jan. 2015
Robin Bostrom	Coordinator	June 30, 2014
(After December, 2013)		
Vicki Rowland	President	Jan. 2015
Roger Buchholz	Vice President	Jan. 2015
Sarah Schori	Secretary/Treasurer	Jan. 2015
Ron McCartney	Committee Member	Jan. 2015
Sharon Harris	Committee Member	Jan. 2015
Jon de Neui	At Large Committee Member	Jan. 2015
Tim Engelhardt	At Large Committee Member	Jan. 2015
Jennifer Cowsert	At Large Committee Member	Jan. 2015
Rod Marlatt	At Large Committee Member	Jan. 2015
Bill Ziegler	At Large Committee Member	Jan. 2015
Robin Bostrom	Coordinator	June 30, 2014

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

Independent Auditor's Report

To the Turkey River Recreational Corridor Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Turkey River Recreational Corridor (a 28E organization) as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the Organization's basic financial statements listed in the table of contents.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of Turkey River Recreational Corridor as of June 30, 2014, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 10 and 19 through 20, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated March 6, 2015 on our consideration of Turkey River Recreational Corridor's internal control over financial reporting and on our tests of its compliance with certain provisions

of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Turkey River Recreational Corridor's internal control over financial reporting and compliance.

Elkader, Iowa

March 6, 2015



Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392



MANAGEMENT'S DISCUSSION AND ANALYSIS

Turkey River Recreational Corridor provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Corridor's financial statements which follow.

Since the Corridor was not required to be audited in prior years, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2014 FINANCIAL HIGHLIGHTS

The Corridor's cash basis net position decreased \$ 1,278 or 7.4% to \$ 18,664. Contributions from the five governmental entities was as follows:

City of Clermont	\$ 3,000
City of Elgin	3,000
City of Elkader	4,000
Fayette County	12,520
Clayton County	<u>2,520</u>
Total	<u>\$ 25,040</u>

In addition, the Corridor received state and federal grants totaling \$ 159,082.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Corridor's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the Corridor as a whole and presents an overall view of the Corridor's finances.

The Fund Financial Statement tells how government services were financed in the short term, as well as what remains for future spending. The fund financial statements report the Corridor's operations in more detail than the government-wide statement by providing information about the fund.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison to the Corridor's budget for the year.

BASIS OF ACCOUNTING

The Corridor maintains its records on the basis of cash receipts and disbursements, and the financial statements of the Corridor are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and operational results of the fund in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CORRIDOR'S FINANCIAL ACTIVITY

Government-wide Financial Statement

One of the most important questions asked about the Corridor's finances is, "Is the Corridor as a whole better or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the Corridor's net position. Over time, increases or decreases in the Corridor's net position may serve as a useful indicator of whether the financial position of the Corridor is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position presents the Corridor's one governmental activity, culture and recreation.

Fund Financial Statement

The Corridor has only one fund, which is a governmental fund. This focuses on how money flows into and out of that fund, and the balance at year-end that is available for spending. The governmental fund financial statement provides a detailed, short term view of the Corridor's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the Corridor's program.

The required financial statement for the governmental fund is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The Corridor's cash decreased from a year ago, decreasing from approximately \$ 18,700 to \$ 17,400. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Net Position of Governmental Activities

	<u>Year Ended June 30, 2014</u>
Receipts:	
Program receipts:	
Charges for service	\$ 7,267
Operating grants and contributions	26,033
Capital grants and contributions	<u>164,518</u>
Total receipts	197,818
Disbursements:	
Culture and recreation	<u>199,096</u>
Change in cash basis net position	(1,278)
Cash basis net position beginning of year	<u>18,664</u>
Cash basis net position end of year	<u>\$ 17,386</u>

The cash basis net position for the Corridor's governmental activity decreased approximately \$ 1,300, due primarily to not receiving the budgeted cash contribution from Clayton County.

GOVERNMENTAL FUND ANALYSIS

As Turkey River Recreational Corridor completed the year, its governmental fund reported a balance of \$ 17,386, a decrease of \$ 1,278 from last year's total of \$ 18,664.

BUDGETARY HIGHLIGHTS

The Corridor did not amend its budget during the year. Operating disbursements were \$ 633 more than the \$ 30,000 budgeted for operations. Grant, donation, and fundraiser disbursements are not budgeted. The Corridor disbursed \$ 168,463 of unbudgeted funds, including \$ 150,000 from an Iowa Great Places grant.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Turkey River Recreational Corridor's appointed officials considered projected receipts when setting the fiscal year 2015 budget.

Projected receipts are estimated to be \$ 28,400. By eliminating the Coordinator's mileage reimbursement, budgeted disbursements were reduced from the fiscal year 2014 amount. The Corridor has added no major new programs or initiatives.

If these estimates are realized, the budgeted cash balance is expected to remain unchanged.

CONTACTING THE CORRIDOR'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens and taxpayers of the cities of Clermont, Elgin and Elkader and Clayton and Fayette Counties with a general overview of the Corridor's finances and to show the Corridor's accountability for the money it receives. If you have any questions about this report or need additional information contact Mallory Marlatt, Project Coordinator/Events Coordinator, Northeast Iowa Resource Conservation and Development; PO Box 916, 101 East Greene Street; Postville, Iowa 52162.

BASIC FINANCIAL STATEMENTS

Exhibit A

TURKEY RIVER RECREATIONAL CORRIDOR
CASH BASIS STATEMENT OF NET POSITION
As of and for the Year Ended June 30, 2014

Disbursements:	
Culture and recreation	<u>\$ 199,096</u>
Program receipts:	
Charges for service	7,267
Operating grants and contributions	26,033
Capital grants and contributions	<u>164,518</u>
Total program receipts	<u>197,818</u>
Net program receipts	(1,278)
Cash basis net position, beginning of year	<u>18,664</u>
Cash basis net position, end of year	<u><u>\$ 17,386</u></u>
Cash Basis Net Position:	
Restricted:	
Expendable:	
Clermont Trail	\$ 1,600
2014 5K race	200
2014 Tri P event	1,053
Media Com advertising	4,357
Unrestricted:	<u>10,176</u>
	<u><u>\$ 17,386</u></u>

See notes to financial statements.

TURKEY RIVER RECREATIONAL CORRIDOR
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
As of and for the Year Ended June 30, 2014

Receipts:

Intergovernmental	\$ 184,122
Miscellaneous	<u>13,696</u>
Total receipts	<u>197,818</u>

Disbursements:

Culture and recreation:

Consultant	25,154
Administrative services	3,452
Travel	1,442
Insurance	311
Advertising	7,979
Event expenses	3,463
Dues	40
Capital outlay	<u>157,255</u>
Total disbursements	<u>199,096</u>

Change in cash balances (1,278)

Cash balances beginning of year 18,664

Cash balances end of year \$ 17,386

Cash Basis Fund Balance:

Restricted for:

Clermont Trail	\$ 1,600
2014 5K race	200
2014 Tri P event	1,053
Media Com advertising	4,357
Unassigned	<u>10,176</u>

\$ 17,386

See notes to financial statements

TURKEY RIVER RECREATIONAL CORRIDOR
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Turkey River Recreational Corridor is a political subdivision of the State of Iowa located in Clayton and Fayette Counties. It was first incorporated in 2010 and operates under Chapter 28E of the Code of Iowa. The Corridor shall be governed by a ten member board which shall be known as the Turkey River Recreational Corridor Committee. The cities of Elkader, Elgin and Clermont shall each appoint one committee member who shall be a resident of such city and may be, but need not be, the mayor or a council member of the city making the appointment. The appointment shall be made by the mayor, subject to approval by majority vote of the council. The term of office for each city appointed committee member shall be one year. Clayton and Fayette Counties shall each appoint one committee member who shall be a resident of such county and may be, but need not be, the Chairman or a member of the Board of Supervisors. The appointment shall be made by a majority vote of the Board of Supervisors. The term of office for each county appointed committee member shall be two years. Five at-large committee members shall be appointed by the aforementioned city and county representatives. At-large members may or may not be County Conservation Directors, County or City Economic Development Directors, members of Community Groups, or City Clerks. Two at-large members shall be appointed who are residents of Fayette County and two at-large members shall be appointed who are residents of Clayton County. One at-large member shall be appointed from the Motor Mill Foundation. The term of office shall be for three years.

The purpose of the Corridor shall be to connect Elgin, Clermont, Elkader, Fayette County and Clayton County for the development and enhancement of the existing natural resource base, through the creation of land and water trails to serve as the catalyst for economic growth and development. The functions and projects of the Corridor shall include, but not be limited to, the creation of land and water trails, improvements for river accessibility, recreational activities and ecology, intra-looping community trails to connect downtowns, and community enhancements associated with the trails for economic development.

(A) Reporting Entity

For financial reporting purposes, the Turkey River Recreational Corridor has included all funds, organizations, agencies, boards, commissions, and authorities. The Corridor has also considered all potential component units for which it is financially accountable, and other organizations for which the

nature and significance of their relationship with the Corridor are such that exclusion would cause the Corridor's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Corridor to impose its will on the organization, or (2) the potential for the organization to provide specific benefits to or impose specific financial benefits on the Corridor. The Turkey River Recreational Corridor has no component units which meet the Governmental Accounting Standards Board criteria.

(B) Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the Corridor and presents the Corridor's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable restricted net position results when constraints places on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net positions.

Unrestricted net position consists of net position not meeting the above definition. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements on a particular function. Investment income not properly included among program receipts is reported instead as general receipts.

Primary Governments (Cities of Clermont, Elgin and Elkader and Fayette and Clayton Counties) and Corridor (Turkey River Recreational Corridor) Activity and Balances - Resource flow between the primary governments and the Corridor are reported as if they were external transactions.

Fund Financial Statement - A separate financial statement is provided for the governmental fund. The Corridor's only governmental fund is the General Fund. The General Fund is the general operating fund of the Corridor. All

receipts from the participating cities and counties and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

C. Measurement Focus and Basis of Accounting

The Turkey River Recreational Corridor maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Corridor are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles.

Under terms of grant agreements, the Corridor funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the Corridor's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the Corridor's policy is generally to apply the disbursement toward restricted fund balances and then to less-restrictive classifications.

D. Governmental Cash Basis Fund Balance

In the governmental fund financial statement, the cash basis fund balance is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, donors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) CASH

The Corridor's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Corridor is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Corridor Committee; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Corridor has no investments meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 3.

(3) RISK MANAGEMENT

The Turkey River Recreational Corridor is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Corridor assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded commercial coverage during the past year.

(4) RELATED PARTY TRANSACTIONS

The Corridor received the following amounts from its 28E participating governments for the year ended June 30, 2014:

<u>Participating Government</u>	<u>Amount</u>
Fayette County	\$ 12,520
Clayton County	2,520
City of Elkader	4,000
City of Elgin	3,000
City of Clermont	<u>3,000</u>
	<u>\$ 25,040</u>

OTHER INFORMATION

TURKEY RIVER RECREATIONAL CORRIDOR
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
 BUDGET AND ACTUAL (CASH BASIS)
 OTHER INFORMATION
 Year Ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Total	Budgeted Amounts	Budgeted Amounts to Actual Variance
Receipts:					
Intergovernmental	\$ 184,122	164,122	20,000	30,000	(10,000)
Miscellaneous	13,696	13,696	-	-	-
Total receipts	197,818	177,818	20,000	30,000	(10,000)
Disbursements:					
Culture and recreation	199,096	168,714	30,382	30,000	(382)
Excess (deficiency) of receipts over (under) disbursements	(1,278)	9,104	(10,382)	-	(10,382)
Balance beginning of year	18,664	-	18,664	-	18,664
Balance end of year	\$ 17,386	(9,104)	8,282	-	8,282

See accompanying independent auditor's report and notes to other information -
 budgetary reporting.

TURKEY RIVER RECREATIONAL CORRIDOR
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING
June 30, 2014

This budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund.

The Cities and Counties may, if deemed necessary and appropriate, contribute through an equitable formula, appropriations from their respective budgets for the operation and administration of the Corridor. Such formula shall be presented and passed by Resolution by all parties bound by the 28E Agreement. These appropriations may be utilized but not limited to the employment of staff, marketing, grant writing fees, and administrative fees to Fiscal Agents. Any such contributions from the governing bodies of the 28E Agreement shall be binding to fulfill.

The Corridor shall have full authority to apply for and receive grants or endorse a City and/or County to do the same for facilities construction and programming, but neither the Corridor nor the Cities or Counties in the 28E Agreement shall be obligated to contribute or expend non-grant monies beyond amounts included in an approved budget. The Corridor may enter into agreements with grant writers and Fiscal Agents to both write grants and administrate dollars which may be received either by the Corridor or a party to the 28E Agreement for projects approved by the Committee.

The Corridor shall have no power to impose any tax of any nature, nor pledge the credit of any of the Cities or Counties in the 28E Agreement, nor incur any debt or any other financial obligation the payment of which has not been provided for in the current or an approved future budget.

STEVEN S. CLAUSEN, CPA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Committee Members of the
Turkey River Recreational Corridor:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Turkey River Recreational Corridor, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the Corridor's basic financial statements and have issued our report thereon dated March 6, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Turkey River Recreational Corridor's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Turkey River Recreational Corridor's internal control. Accordingly, we do not express an opinion on the effectiveness of Turkey River Recreational Corridor's internal control.

A deficiency in internal control exists when the design or operation or a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corridor's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item I-A-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Turkey River Recreational Corridor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Corridor's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Corridor. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Turkey River Recreational Corridor's Responses to Findings

Turkey River Recreational Corridor's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Turkey River Recreational Corridor's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Corridor's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corridor's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Turkey River Recreational Corridor during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

March 6, 2015

A handwritten signature in cursive script that reads "Dietz, Donald & Company".

Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

TURKEY RIVER RECREATIONAL CORRIDOR
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

- I-A-14 Dual Signatures on Checks - Although the 28E Agreement requires dual signatures on checks, the current operating procedure is to only have one check signer.

Recommendation - The Corridor should establish procedures that conform to the 28E Agreement by requiring dual signatures on checks. These controls over cash disbursements minimize the possibility of errors or misappropriation of cash.

Response - We were unaware of the requirement in our 28E Agreement and will try to implement procedures to conform with the Agreement.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

TURKEY RIVER RECREATIONAL CORRIDOR
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part II: Other Findings Related to Statutory Reporting:

- II-A-14 Approved Budget - The Corridor prepares a detailed annual budget. However, actual performance is measured against annual budget only at year-end and disbursements exceeded the amounts budgeted.

Recommendation - A budget review should be performed no less than quarterly and policies should be established for handling disbursements that exceed budget.

Response - We will consider this.

Conclusion - Response accepted.

- II-B-14 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- II-C-14 Travel Expenses - No disbursements of Corridor money for travel expenses of spouses of Corridor's officials or employees were noted. No travel advances to Corridor's officials were noted.

- II-D-14 Business Transactions - No business transactions between the Corridor and Corridor officials were noted.

- II-E-14 Bond Coverage - Surety bond coverage of Corridor officials and employees is in accordance with statutory provisions. The amounts of coverage should be reviewed annually to insure the coverage is adequate for current operations.

- II-F-14 Committee Minutes - No transactions were found that we believe should have been approved in the Committee minutes but were not.

- II-G-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted. Although the Corridor currently has no investments, the Corridor should consider adopting an investment policy to cover that contingency in the future.

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II-H-14 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the Corridor to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Corridor does not receive an image of the back of each cancelled check.

Recommendation - The Corridor should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

Response - We will contact the bank to see if this is possible.

Conclusion - Response accepted.

II-I-14 Request for Proposals (RFP) for Audit Services - The Corridor did not send out a minimum of three RFP notices before contracting for audit services.

Recommendation - In the future, the Corridor should send at least three written RFPs to either accounting firms or the State Auditor's Office before contracting for auditing services.

Response - We did contact three accounting firms by phone, but we will use the written RFP process if we ever are required to have an audit in the future.

Conclusion - Response accepted.